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MILITARY BASES

Potential Reductions to
the Fiscal Year 1997
Base Closure Budget

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National Security and
International Affairs Division

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July 15, 1996

The Honorable Conrad Burns
Chairman
The Honorable Harry M. Reid
Ranking Minority Member
Subcommittee on Military Construction
Committee on Appropriations
United States Senate

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Military Bases:
Potential Reductions
to the Fiscal Year
1997 Base Closure
Budget

Senate Report 104-116, dated July 19, 1995, asked us to continue our annual review of the Base Realignment and Closure (BRAC) accounts and make recommendations on the validity of the Department of Defense's (DOD) proposed budget request for base closure activities. This report focuses on the accuracy of DOD's BRAC budget estimates and on opportunities to reduce the fiscal year 1997 BRAC budget.

Background

Changing national security needs and DOD's recognition that its base structure was larger than required led to a decision to close numerous bases around the country. Consequently, the Congress enacted legislation that instituted base closure rounds in 1988, 1991, 1993, and 1995. The BRAC legislation also established closure accounts to finance the closures of bases identified in the base closure process.

DOD annually sends the Congress detailed budget submissions to justify its BRAC funding requests. The budget submissions contain six subaccounts: military construction, family housing, environmental, operations and maintenance (O&M), military permanent change in station, and other. The budget is used by the Congress to make separate appropriations for each BRAC round. BRAC appropriations need not be obligated in the year of appropriation and, except for the environmental subaccount prior to fiscal year 1996, they need not be used in the subaccount for which they were requested.¹

DOD is requesting \$2.5 billion for the BRAC accounts in fiscal year 1997.

¹Prior to fiscal year 1996, legislation established a "floor" for the environmental subaccount that required DOD to spend "not less than" the amount requested in the BRAC budget submission for environmental costs. Consequently, the specified minimum amount could not be shifted to other subaccounts. In fiscal year 1996, however, legislation established a "ceiling" for the environmental subaccount that prohibited DOD from spending "more than" the amount requested in the BRAC budget justification for environmental costs unless it notifies the Congress. This allows environmental funds to be shifted to other subaccounts.

Results in Brief

The Congress cannot be assured, except for pre-fiscal year 1996 environmental funds, that appropriated BRAC funds will be used as requested in DOD's budget submissions. BRAC expenditures vary substantially from budget submissions. In past budget submissions, environmental costs have been understated, while costs for other BRAC subaccounts, such as military construction and O&M, have been overstated.

The DOD fiscal year 1997 budget request can be reduced by about \$148 million (about 6 percent) because funds from prior year appropriations will be available to fund future expenditures. Additional reductions are possible because mandated annual DOD Inspector General (IG) audits of BRAC construction projects identify projects that can be eliminated or reduced in scope. If the fiscal year 1997 IG audit identifies reductions in projects proportionate to the reductions identified in 1996 and 1995, the amount would be about \$60 million.

BRAC Expenditures Vary From Budget Submissions

Budgets are an important financial tool for monitoring costs. However, past BRAC budget submissions are not as effective as they can be for monitoring BRAC expenditures because they historically overstate O&M and military construction costs and understate environmental costs.

DOD decreased the funds allocated to the BRAC O&M and military construction subaccounts for the 1991 round while it increased funds allocated to the environmental subaccount. Through fiscal year 1995, DOD had requested \$4.3 billion for the 1991 closure round costs. As of December 1995, \$3.6 billion was allocated for 1991 closure round costs. While the overall amount allocated was \$686 million (16 percent) less than requested, the amount allocated for environmental costs was \$112 million (12 percent) more than requested.² At the same time, DOD allocated \$503 million (26 percent) less for military construction and \$138 million (13 percent) less for O&M than requested.

DOD also reallocated funds among the environmental, O&M, and military construction subaccounts for the 1988 round. It allocated \$340 million (22 percent) less for military construction and \$126 million (23 percent) less for O&M costs than initially planned. At the same time, it allocated \$453 million (86 percent) more for environmental costs than originally planned.

²The amount allocated included appropriated funds and land sale revenues. Allocated funds are less than initial budget estimates because land sale revenues have not been realized, funds have been transferred from the 1991 round to fund costs in the 1993 round, and the Congress has not always appropriated the full amount requested.

DOD continues to transfer BRAC funds from overprogrammed O&M subaccounts to underprogrammed environmental subaccounts. In 1995, \$20.8 million in O&M funds, the entire amount DOD requested for O&M for the 1988 round, was transferred to the environmental subaccount. Presently, Army officials indicate they plan to transfer O&M funds requested for the 1991 round in fiscal year 1996 to the environmental subaccounts. They said that the \$144 million no longer needed for O&M requirements (see p. 4) will be transferred to environmental subaccounts to fund 1988 round and 1991 round environmental costs.

Unobligated Balances Indicate That Funds Are Requested in Advance of Needs

The Senate Committee on Appropriations has expressed concern regarding the slow pace of BRAC obligations and the resultant high unobligated balances. Congressional rescissions and improved DOD financial management have reduced the amount of unobligated funds. Still, our analysis shows that some funds continue to remain unobligated beyond the year for which they were appropriated. In total \$342 million, appropriated before fiscal year 1996, was unobligated as of December 1995. Our analysis shows that \$148 million of that has remained available, on average, for over 3 years.

Congressional actions have helped reduce large unobligated balances in the BRAC accounts. In February 1994, the Congress rescinded \$507.7 million in BRAC funds. In April 1995, the Congress rescinded an additional \$32 million.

DOD has taken actions to reduce unobligated balances in the BRAC accounts. First, it directed the services to use unobligated balances before requesting new appropriations. For example, in fiscal year 1995, the Air Force used \$82.7 million in prior year appropriations rather than requesting new funds for the 1991 round. Second, in fiscal year 1995, DOD obligated BRAC funds in a more timely manner. For example, as of March 1994, \$1.4 billion, or 31.7 percent, appropriated in prior years remained unobligated, while, as of December 1995, only \$342 million, or 3.6 percent, appropriated before fiscal year 1996, remained unobligated.

Because DOD guidance indicates the services should only request BRAC funds that they intend to use in the budget year, we analyzed unobligated balances in the BRAC accounts to determine if they had remained unobligated beyond the budget year. We found that as of December 31, 1995, \$2.84 billion of the \$3.18 billion unobligated balance had been appropriated in fiscal year 1996. Of the remaining \$342 million, most was

from the prior fiscal year. However, \$148 million that was available on or before October 1993 had remained unobligated for an average of 37 months. Based on recent obligation rates, the \$148 million will not be fully obligated for another 22 months.

DOD accounting data, obtained after our draft report was sent to DOD for comment, indicate that prior year unobligated balances have declined but, overall BRAC account unobligated balances have increased in 1996. For example, from March 31, 1995, to March 31, 1996, unobligated balances increased from \$1.98 billion to \$2.7 billion. If obligation rates are not increased over the last half of fiscal year 1996, the balances carried forward from prior years will be much higher at the beginning of fiscal year 1997 than fiscal year 1996.

Reducing the fiscal year 1997 budget by \$148 million (the amount of long-term unobligated BRAC balances as of December 31, 1995) would help control the amount of unobligated funds in the BRAC account. While DOD has obligated a portion of the \$148 million, overall, unobligated funds in the BRAC account have increased due to slow fiscal year 1996 obligations. If the fiscal year 1997 appropriation is reduced, prior year unobligated balances are more likely to be used.

\$144 Million in Fiscal Year 1996 Budget Not Supported by Valid Requirements

Our analysis of BRAC O&M requirements shows that approximately \$144 million in O&M funds allocated in fiscal year 1996 for Army bases selected for closure in the 1991 round was not supported by valid requirements. According to the fiscal year 1996 budget, \$234.6 million was required. As of March 1996, \$212 million had been allocated.³ According to an Army official responsible for the BRAC program, only \$68 million is now needed.

For example, the fiscal year 1996 budget submission included \$44.3 million in O&M funds for the Sacramento Army Depot, which was to be closed in March 1995, a month after the submission and 6 months before the fiscal year was to begin. According to an Army official, Army records indicated remaining O&M requirements at the Sacramento Army Depot, as of August 1994, were less than \$5 million. As of the March closure date, \$7.9 million, which had been appropriated in fiscal year 1995, remained available to fund O&M costs. An Army official responsible for BRAC funds indicated the Army was aware there was not a need for O&M funds at the Sacramento

³The amount allocated as of March 1996 was lower than the budgeted amount due to transfers between subaccounts and land sales revenues not materializing.

Army Depot. Fiscal year 1995 funds of \$7.9 million were transferred to other bases, but fiscal year 1996 funds are still held in the O&M subaccount.

In DOD's response to a draft of this report, it indicated the \$144 million was no longer needed for O&M and would be used to cover previously unfunded environmental cleanup requirements. On May 17, 1996, DOD notified the Congress of its intention to increase the fiscal year 1996 ceiling on the environmental subaccount so that the savings could be applied to environmental requirements. Because the notification was sent after our draft report was distributed for comment, we did not have an opportunity to validate the environmental requirements.

DOD IG Audits Identify Reductions in Needs for Construction Funds

The DOD IG evaluates BRAC construction costs for each budget year and submits a report on the results of its work to the Congress. Recently completed IG audits indicate that some of the construction projects submitted as justification for the fiscal year 1995 and 1996 budgets should be canceled.

The design of regular military construction projects is required to be 35-percent complete prior to submission to the Congress for funding, but this requirement does not apply to BRAC construction. Because BRAC construction is time critical, funding is requested before the 35-percent design point is reached. Thus, construction cost estimates that are a basis for BRAC budget requests are not as accurate as cost estimates for regular military construction.

IG auditors reviewed 219 proposed construction projects valued at \$1.6 billion for fiscal years 1995 and 1996. The auditors reported that 49 projects totaling over \$315 million were not valid. The services have agreed to cancel 29 projects totaling over \$124 million—\$97 million and \$27 million, respectively, for fiscal years 1995 and 1996. One Air Force project included in the 1995 figure was not canceled but rather reduced by over \$33 million. In addition, 14 projects totaling over \$136 million are still in dispute. This includes 3 1995 projects totaling over \$16 million and 11 1996 projects totaling almost \$120 million.

The IG's review planned for the fiscal year 1997 BRAC military construction budget includes 113 projects valued at \$778 million. Based on the results of the 1995 and 1996 IG reviews, it is likely that the IG will identify invalid BRAC construction projects in the fiscal year 1997 budget.

If the IG audit identifies the same amount of unneeded construction in the fiscal year 1997 budget as in past years, the amount would be about \$60 million. The scope of the 1997 audit in terms of construction expenditures is about the same as the average scope of the 1995 and 1996 audits.

Matters for Congressional Consideration

The Congress may wish to consider appropriating up to \$148 million less than DOD is requesting in its fiscal year 1997 BRAC budget because funds are available from prior years. Because BRAC construction projects may be canceled as a result of ongoing IG audits, additional reductions in the BRAC budget are possible.

Agency Comments and Our Evaluation

DOD did not concur with the draft report, nor did it agree with the report's conclusion that the fiscal year 1997 BRAC budget request could be reduced by \$300 million to \$400 million. Specifically, DOD stated that (1) very little of the \$148 million in unobligated funds will remain unobligated at the end of the fiscal year, (2) the approximately \$144 million in O&M funds that we identified as unsupported by valid requirements will be used for environmental requirements, and (3) the IG audit data we used was not accurate and IG findings from the past cannot be projected to the 1997 budget.

We continue to believe the Congress can reduce the fiscal year 1997 BRAC budget, but we have reduced our estimate to \$148 million to reflect information DOD provided. Accounting data that we were provided after our draft report was sent to DOD for comment indicate that unobligated balances are increasing from 1995. We continue to believe that reducing the BRAC 1997 budget would better align available funds with closure actions and reduce unobligated balances in the BRAC account. We also reduced the amount of the reduction because of the steps DOD took to reprogram unneeded O&M funds to the environmental subaccount for what it describes as unfunded requirements. Because these steps were taken after our draft report was provided to DOD for comment, we did not have the opportunity to validate the environmental requirements.

DOD was correct in stating the data we used in summarizing the results of the IG audit were not accurate and technically correct in stating that past IG results could not be projected to the fiscal year 1997 budget. Subsequent to providing our draft report to DOD for comment, the services gave us updated information regarding the number of BRAC military construction

projects canceled as a result of the IG audit and we adjusted the figures in our report. While we agree it is not possible to project past IG audit results to the fiscal year 1997 budget, and are not including such projections in this report, it makes good fiscal sense to plan that some projects in the 1997 budget will be canceled and to adjust the budget accordingly. We believe that the practice of requesting full funding for all construction projects in the budget, when historically the IG audits have found some are not needed, contributes to the BRAC account having more funds than are needed to meet current requirements. However, we reduced our estimate and revised the report to reflect that there is a potential for reduction based on past trends. See appendix I for DOD's comments and our response to them.

Scope and Methodology

Our review of the validity of the fiscal year 1997 BRAC budget focused on identifying prior year funds available to offset fiscal year 1997 budget requests. We also reviewed the quality of past BRAC budget estimates, particularly for environmental costs. In addition, we reviewed DOD IG work to determine the extent that it could identify potential BRAC cost reductions.

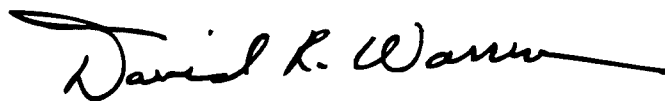
We reviewed DOD reports and documents and analyzed DOD accounting reports for the BRAC accounts. We obtained data on requirements supporting budget requests for selected bases and subaccounts. We also reviewed IG reports and audit plans as part of this review. In conducting our review, we used the same accounting systems, reports, and statistics the services use to monitor their programs. We did not independently determine the reliability of this information.

We conducted our work from October 1995 to May 1996. We conducted our review in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairmen and Ranking Minority Members, Senate Committees on Armed Services, on Governmental Affairs, and on Appropriations, Subcommittee on Defense; the Chairmen and Ranking Minority Members, House Committee on National Security and on Government Reform and Oversight, and Subcommittees on Military Construction and on National Security, House Committee on Appropriations; the Secretaries of Defense, the Army, the Navy, and the Air Force; the Director, Office of Management and Budget;

and other interested parties. We will also make copies available to others upon request.

Should you or your staffs have any questions about this report, please contact me at (202) 512-8412. The major contributors to this report were John Klotz, Tom Monahan, Stephen DeSart, and Randy Jones.

A handwritten signature in black ink, reading "David R. Warren". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

David R. Warren
Director, Defense Management Issues

Comments From the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



COMPTROLLER

Mr. David R. Warren
Director, Defense Management Issues
National Security and International Affairs Division
United States General Accounting Office
Washington, D.C. 20548

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



JUN - 5 1996

Dear Mr. Warren:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report dated May 10, 1996, "MILITARY BASES: Potential Reductions to the Fiscal Year 1997 Base Closure Budget," (GAO Code 709168/OSD Case 1151). I am also sending copies of this letter to the Chairmen of the Defense committees so that they have the benefit of this response during their accelerated mark-up of the fiscal year 1997 Defense budget. The Department nonconcurs with the report.

I was pleased to read in this report the GAO's acknowledgment of the Department's success in its efforts to reduce unobligated prior year balances in the Base Realignment and Closure (BRAC) appropriations, but mystified by the report's contradictory conclusion that the DoD fiscal year 1997 BRAC budget request can be reduced by as much as \$400 million.

The draft report asserts that BRAC expenditures often vary from what was requested in the budget submission, but does not address the underlying causes. The majority of adjustments made in fiscal years 1994 and 1995 in the BRAC Operation and Maintenance (O&M) and BRAC construction subaccounts were made to offset the effect of the 1994 congressional rescission of \$507 million in the BRAC account. A second major cause of variation from the budget request is the propensity of subsequent BRAC Commission recommendations to modify prior BRAC recommendations resulting in the elimination or revision of BRAC construction projects and necessitating the realignment of BRAC funds during execution.

The draft report incorrectly concludes that \$300-400 million of prior year unobligated BRAC balances will be available to offset the Department's fiscal year 1997 BRAC budget submission. The Department fully considered anticipated prior year unobligated BRAC balances in formulating the fiscal year 1997 BRAC budget request and none will be available to offset fiscal year 1997 requirements.

The draft report states that the Department has maintained a monthly BRAC 91 unobligated balance average of \$148 million over a 37-month period.

This historical figure is irrelevant. As the draft report clearly states, the Department has taken steps to significantly improve obligations and reduce unobligated prior-year obligations in the BRAC accounts. Through fiscal year 1995, 99 percent of the \$2.7 billion available for BRAC 88

Appendix I
Comments From the Department of Defense

See comment 5.

had been obligated. During the same time period, 96 percent of the \$3.4 billion for BRAC 91 and 94 percent of the \$3.2 billion for BRAC 93 had been obligated. We anticipate very little, if any of these funds will remain unobligated by the end of this fiscal year.

The report's allegation that, "Approximately \$144 million in O&M funds allocated in fiscal year 1996 for Army bases selected for closure in the BRAC 91 round were not supported by valid requirements," is not true. The Army's fiscal year 1996 budget was submitted on the basis of valid BRAC O&M requirements. These funding requirements represented the estimated cost to complete the closure and realignment of the remaining BRAC 91 installations. However, during program execution, savings were realized in personnel costs due to fewer reductions-in-force and permanent change in station moves as affected personnel found jobs in the local commuting area or retired with no additional cost to the BRAC account. This allowed the Army to identify these savings as a source to cover previously unfinanced environmental cleanup requirements. The Department has already notified Congress of its intent to increase the BRAC 91 fiscal year 1996 environmental ceiling and to realign the \$144 million for BRAC cleanup actions.

See comment 6.

The report also cited a summary level DoD IG report that claimed savings of \$315 million involving 49 invalid projects. The report further states, "the Services have agreed to cancel 44 projects totaling \$284.6 million--almost \$140 million for each fiscal year." We agree that some projects may have been determined to be invalid and the cost of some projects overstated due to a number of unforeseen factors; however, we disagree with the claimed savings of \$315 million involving 49 canceled projects. The Services have agreed to cancel only 27 projects and reduce costs by only \$150 million for the two fiscal years in question. These savings have already been realigned to other valid BRAC requirements and the fiscal year 1997 request adjusted to recognize the reapplication of these savings.

The report's conclusion that as much as \$100 million can be deleted from the fiscal year 1997 program is not valid because it is based on the assumption that the DoD IG will identify invalid BRAC construction projects approaching the same level of prior reviews. This assumption fails to consider action already taken by the Services to reduce breakage in the construction program. The Army and Navy completed internal audits of BRAC construction projects prior to including them in the fiscal year 1997 budget request. Additionally, much of the program breakage in prior years was due to revisions to previous BRAC recommendations by subsequent BRAC Commissions. Since all of the BRAC rounds mandated by Congress have taken place, the need to rescope and redirect construction projects has virtually been eliminated.

Moreover, it is inappropriate to make reductions to valid requirements on the basis that the DoD IG might identify some projects for cancellation or cost reduction. Last year Congress did not provide the authority to use Defense Environmental Restoration Account funds to meet fiscal year 1996 environmental cleanup needs. As a result, the Department was forced to realign funds within the BRAC program to finance unanticipated BRAC related environmental restoration requirements.

Appendix I
Comments From the Department of Defense

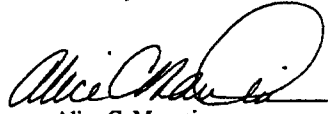
See comment 7.

The BRAC account was specifically designed by Congress to allow flexibility to realign funds as required to prevent a cumbersome budget/appropriation process from impeding BRAC implementation. The GAO recommendations are contrary to this congressional intent.

Finally, I want to reemphasize that the draft report's conclusion that hundreds of millions of dollars of prior year unobligated BRAC balances are available to offset the Department's fiscal year 1997 BRAC program is unsound. The Department fully considered anticipated unobligated balances in the BRAC program when it formulated the fiscal year 1997 budget request. If reductions of this magnitude are taken against the BRAC program, it will adversely impact the Department's ability to comply with the President's initiative to close bases quickly in order to speed the economic recovery of affected communities. The BRAC program reductions will increase the Department's operation and maintenance costs since bases will be maintained longer.

Thank you for this opportunity to comment on the draft report.

Sincerely,



Alice C. Maroni
Principal Deputy Under Secretary
of Defense (Comptroller)

cc:
Honorable Conrad Burns
Honorable Barbara F. Vucanovich

The following are GAO's comments on the Department of Defense's (DOD) letter dated June 5, 1996.

GAO Comments

1. Recognizing DOD's past successes in reducing unobligated balances and pointing out that reductions in future budgets are needed is not contradictory. DOD has made significant progress in reducing unobligated balances but, more reductions can be made.
2. We did not find that Commission changes caused the project cancellations discussed in the report. The projects were, for the most part, canceled because of Inspector General (IG) findings. The degree to which the \$507 million congressional rescission was disproportionately taken from the operations and maintenance (O&M) and military construction subaccounts supports our conclusion that the subaccounts were overfunded.
3. We agree that DOD considered unobligated balances in developing its fiscal year 1997 budget submission. However, in the past, DOD actions, along with congressional budget reductions and rescissions, were needed subsequent to the appropriation of Base Realignment and Closure (BRAC) funds to control unobligated balances. Given the slower rate of obligations in fiscal year 1996 (see comment 4), the continuing levels of unobligated funds in the BRAC account, and the potential reductions in fiscal year 1997 construction that could be expected to result from IG audits, we continue to believe congressional reductions to the fiscal year 1997 BRAC budget would more closely align funds in the BRAC account with expected expenditures from now to the end of fiscal year 1997.
4. We believe the fact that an average of \$148 million had remained unobligated for 3 years demonstrates that the BRAC account has more funds than needed to meet current BRAC requirements and that the account can be reduced. Recently released DOD BRAC accounting data indicate that older unobligated balances are being reduced. Overall, however, unobligated balances in the BRAC account are increasing because fiscal year 1996 obligation rates have slowed. As of March 1995, unobligated balances were \$1.98 billion. As of March 31, 1996, unobligated balances were \$2.7 billion. As of October 1, 1995, the unobligated balance from prior years was \$374 million, or about 9.5 percent of the fiscal year 1996 budget. If DOD obligates funds at the same rate in the last half of fiscal year 1996 as it did during the first half, it will end the year with a prior year

unobligated balance of \$1.2 billion, or 46.6 percent of the fiscal year 1997 budget.

5. We revised the amount the fiscal year 1997 budget should be reduced because of DOD's plans to use the money for environmental cleanup. Because DOD notified the Congress of its plans subsequent to the release of our draft report for comment, we did not have the opportunity to validate the environmental requirements.

The data we gathered during this review do not support DOD's statement that valid O&M requirements existed at the time DOD made its 1996 budget request. We found that at the time of the fiscal year 1996 budget submission, \$44 million in O&M funds requested for one base, Sacramento Army Depot, were not based on valid requirements. Moreover, the fiscal year 1997 budget submission continued to indicate that \$144 million would be used for O&M costs, including the \$44 million for this depot.

According to DOD, services should only request funding for actions they can execute in the fiscal year of the budget submission. We believe that the \$144 million allocated for O&M costs is an example of funds being requested in excess of what could be executed in the fiscal year of the budget submission. In May, 7 months after appropriation, DOD reprogrammed the funds to the environmental subaccount. In informing the Congress of the reprogramming, DOD indicated the funds would not be completely obligated for 18 months. Thus, it will take over 2 years to execute the funds. Clearly, during fiscal year 1996, there was not a need for all of these funds.

6. DOD was correct in stating the data we obtained from the IG were not accurate. Subsequent to providing our draft report to DOD for comment, the services gave us updated information regarding the number of BRAC military construction projects canceled as a result of the DOD IG audit. The new data have been incorporated in this report. The new data show that 29 projects valued at over \$124 million were canceled as of May 31, 1996. In addition, the services identified 14 projects valued at over \$136 million that are in dispute and eventually could be canceled.

We agree it is not possible to project the above results to the 1997 budget. However, based on past results, it makes fiscal sense to plan that some projects in the 1997 budget will be canceled and to adjust the budget accordingly. We believe that the practice of requesting full funding for all construction projects in the budget when historically the IG audits have

found some are not needed contributes to the BRAC account having more funds than are needed to meet current requirements. We recognize that the Army and the Navy will audit the 1997 construction projects before they are included in the budget submissions. However, audits were conducted on the fiscal years 1995-96 construction projects before they were included in budget submissions for those years.

DOD's comments suggest that we are proposing that reductions be made to the fiscal year 1997 budget for construction requirements that are valid. This is not the case. What we are saying is that some of the projects in the 1997 budget will be canceled or in dispute at the end of the fiscal year. If funds are appropriated to cover the costs of all construction projects, there will be excess funding in the BRAC account.

7. We recognize that the Congress gave DOD flexibility in its use of BRAC funds. However, appropriation committee reports and the 1994 congressional rescission indicates the Congress also was concerned about sound financial management. We are not recommending that DOD's flexibility in its use of BRAC funds be reduced, rather that it be better managed to facilitate DOD and congressional oversight.